

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

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Mid-America Pipeline Company, LLC)
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Application for: (i) issuance of Certificate in)
Good Standing as a common carrier by)
pipeline pursuant to the Illinois Common)
Carrier by Pipeline Law; and (ii) issuance of)
an interim order granting temporary authority)
pending resolution of this proceeding.)

CHIEF CLERK OF COMMISSION

DRAFT INTERIM ORDER

On June ____, 2004, Mid-America Pipeline Company, LLC ("Applicant" or "LLC") filed a verified application requesting that the Commission: (i) issue an interim order granting Applicant temporary authority to operate, as a common carrier by pipeline, the facilities formerly owned and operated by Mid-America Pipe Line Company ("Company"), and to provide the services formerly provided by Company at the rates and on the terms and conditions set forth in the tariffs in Applicant's name presently on file with the Commission, pending the outcome of this proceeding; and (ii) issue a final order granting LLC a Certificate of Good Standing ("Certificate") pursuant to Section 15-401 of the Illinois Common Carrier by Pipeline Act, 220 ILCS 5/15-401 ("Act"), and the authority to maintain its books and records outside of this State. Company was a certificated common carrier by pipeline in Illinois; LLC is the limited liability company successor to Company. LLC's application is being made because, at the time of the conversion of Company from a corporation to a limited liability company, LLC inadvertently failed to seek a Certificate from the Commission. LLC now seeks to bring itself into full compliance with the provisions of the Act.

In its Application, Applicant stated that Applicant is a Delaware limited liability company with its principal office in Houston, Texas. Applicant is authorized to do business in Illinois. Applicant's registered agent in Illinois is: C T Corporation System, 208 South LaSalle Street, Chicago, IL 60604-1136.

The Application stated that Applicant's corporate predecessor, Company, was a Delaware corporation. Company was certificated to own and operate a pipeline system in Illinois for the conveyance of natural gas liquids. The pipeline system owned and operated by Company, and now by LLC (the "System"), covers a 14-state area in the Rocky Mountains and Midwestern Region of the United States, including Illinois, and moves 242 million barrels of refined products annually. The products transported on the System are natural gas liquids, consisting in 2003 of 11 % ethylene, 80 % ethane-propane, and 9 % propane. The System consists of a 7200-mile pipeline (400 miles in Illinois). The Application also stated that, when compared to other modes of transportation, the System provides a safe and cost effective means to transport refined products. In 2003, the System shipped approximately 14 million barrels of natural gas liquids into the State of Illinois for further processing and distribution. For ethylene and EP mix, the only commercially available transportation is by pipeline due to the required pressure necessary to keep the material in a liquid state for movement of these products. Applicant's pipeline is the only pipeline that can provide the market area with ethylene, and there is only one other pipeline that can provide the market area with EP mix, albeit at a reduced flow rate. If the pipeline were not available, the destination processing facilities would be unable to receive feedstocks for processing into the chemicals and plastic products they produce. For propane, other modes of transportation are commonly

available, including but not limited to, trucking, rail and waterborne facilities. The selected mode of transportation for propane depends principally on cost, and the economics favor pipelines. Without the System, the market would be forced to use alternate modes of transportation, likely at a higher cost. Other modes of transportation include trucking, rail, and waterborne shipments. It would take a fleet of 6,000 trucks (assuming each truck holds 200 barrels) to replace the pipeline deliveries of propane that the LLC currently provides into the State of Illinois.

Applicant contended in the Application that, in July 2002, Company was converted under Delaware law and became LLC, a limited liability company. Upon the conversion, LLC continued to hold all of the businesses and assets that it had held in its prior corporate form, and continued to conduct those businesses as it had in its prior corporate form. Applicant explains that Company converted from a corporation to a limited liability company for tax purposes.

Accordingly, as of July 2002, Company's name was changed to Mid-America Pipeline Company, LLC and it continued its existence as a legal entity with the same assets and providing the services which it had provided under its previous corporate form, pursuant to tariffs on file with the Commission in Applicant's name.

In its Application, Applicant explained that, at the time of the reorganization, LLC inadvertently neglected to obtain either a transfer of Company's Certificate to LLC or the issuance to LLC of a new Certificate. LLC now seeks a Certificate to bring it in full compliance with the provisions of the Act.

Applicant has stated that LLC qualifies for a Certificate. LLC possesses the financial, technical and managerial ability to own and operate the System and to provide

the Services. LLC's assets for the Year 2003 total \$700 million. LLC's revenues for the Year 2003 total \$197 million.

Applicant has also stated that LLC possesses the necessary technical and managerial expertise. LLC is a common carrier under federal law.

The Application further stated that Applicant's operations in Illinois are overseen by Kevin Bodenhamer, Director of Operations – Western Region, who has over 26 years of pipeline experience in various operations and engineering positions, including 11 years directly with Mid-America.

Applicant has also asserted that the change in corporate structure did not change, reduce or impair the oversight or operation of the System in Illinois in any respect.

LLC also requests the authority to maintain its books and records in its offices in Houston, Texas. LLC will make available to the Commission at the Commission's offices in Springfield, Illinois such documents as the Commission may properly request of LLC from time to time in the exercise of the Commission's duties and responsibilities under the Act and any rules and regulations promulgated thereunder.

Applicant has requested that the Commission issue an interim order granting LLC all of the authority requested herein on temporary basis pending the outcome of this proceeding. Applicant explained in the Application that, to the extent that LLC may not be in compliance with the express terms of the Act, LLC may encounter difficulty from time to time entering into corporate transactions necessary and proper to its business in Illinois. To avoid any such difficulty, LLC requests that, based on the information contained in this Application, the Commission grant LLC temporary status as a properly certificated common carrier by pipeline.

Having reviewed the Application, and being apprised of the record herein, the Commission finds as follows:

1. Applicant is a Delaware limited liability company that operates a pipeline for the transport of natural gas liquids on an interstate basis nationally, and an interstate and intrastate basis in Illinois; Applicant is a "common carrier by pipeline" as that term is defined in the Act;
2. the Commission has jurisdiction over Applicant;
3. good cause exists to grant Applicant a certificate to operate as a common carrier by pipeline pending the outcome of this proceeding;
4. based on the facts alleged in the Application, Applicant has demonstrated that it has the managerial, financial and technical expertise to operate as a common carrier by pipeline, pending the outcome of this proceeding;
5. Applicant may provide the services and charge the rates set forth in the tariffs on file with the Commission in Applicant's name; and
6. Applicant may maintain its books and records outside of this State, provided that Applicant agrees to make such books and records available to the Staff of the Commission at a convenient location in this State should the Staff reasonably request to review such books and records from time to time.

IT IS THEREFORE ORDERED THAT Applicant shall be, and is hereby, certificated to operate as a common carrier by pipeline pending the outcome of this proceeding.

IT IS FURTHER ORDERED THAT this order is not final and appealable.